

## Message Text

PAGE 01 HONG K 09021 01 OF 03 100927Z

11

ACTION EA-14

INFO OCT-01 ISO-00 EUR-25 SCI-06 INT-08 SCEM-02 AF-10

AID-20 EB-11 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15

STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 NIC-01 SR-02

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8123

USLO PEKING

S E C R E T SECTION 1 OF 3 HONG KONG 9021

NOFORN

POUCHED: BANGKOK, BRISBANE, CANBERRA, COPENHAGEN, DAR ES SALAAM,  
JAKARTA, KUALA LUMPUR, MANILA, MOSCOW, OTTAWA, PARIS, RANGOON,  
ROME(2), SAIGON, SINGAPORE, TAIPEI, TOKYO, VIENTIANE,  
COMUSTDC.

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### TABLE OF CONTENTS

1. SUMMARY
  2. ECONOMICS AT THE TENTH PARTY CONGRESS
  3. ELECTRONICS NEWS--A NEW COMPUTER
  4. PROSPECTS FOR FUTURE US SALES TO CHINA
  5. CANADA: POWER MISSION VISITS PRC
- SECRET

PAGE 02 HONG K 09021 01 OF 03 100927Z

6. PETROLEUM: PROGRESS; NEAR AGREEMENT ON A PIPELINE?
7. JAPAN-PRC FAIL TO REACH AGREEMENT ON NEW TRADE PACT
8. HK RE-EXPORTS OF CHINA-ORIGIN GOODS UP GREATLY
9. TELECOMMUNICATIONS LINKS WITH AUSTRALIA AND THAILAND

10. AVIATION: US, FRANCE, USSR
11. SHIPPING: US, JAPAN, AUSTRALIA, VIETNAM
12. TANZANIA TRADE DELEGATION VISITS PEKING
13. DENMARK: PRC VICE MINISTER OPENS CHINESE EXHIBITION
14. RECENT REPORTS ON ECONOMIC TOPICS

1. SUMMARY:

THE PRC'S TENTH PARTY CONGRESS TOOK LITTLE NOTICE OF ECONOMIC PROBLEMS BUT, CURIOUSLY, CHOU EN-LAI INVEIGHED AGAINST THE IDEA OF CONSIDERING PRODUCTION THE MAIN TASK (ITEM 2). AMONG OTHER REAL ACHIEVEMENTS THE PRC HAS BUILT ITS FIRST ONE MILLION OPS COMPUTER USING INTEGRATED CIRCUITS (ITEM 3). ON THE FOREIGN SIDE, SEVERAL US FIRMS ARE OPENING DISCUSSIONS THAT, IF SUCCESSFUL, COULD PUSH TWO-WAY TRADE EVEN BEYOND THE CURRENT \$850-900 MILLION ESTIMATE (ITEM 4). THE FIRST CHINESE OIL TANKER SHOULD SOON REACH JAPAN, AND THE CHINESE HAVE ASKED A CANADIAN FIRM ABOUT PIPELINE EQUIPMENT AND AN EXCHANGE OF DELEGATIONS ON THE SUBJECT IS IN THE OFFING (ITEM 6). THE SINO-JAPANESE TRADE PACT TALKS FAILED TO REACH FULL AGREEMENT AND ALL FOUR PACTS NOW APPEAR STALLED. FURTHERMORE--IN A REINTRODUCTION OF POLITICS INTO TRADE TALKS--PEKING HAS SUSPENDED TALKS WITH TOYOTA ABOUT NEW CONTRACTS BECAUSE OF ITS USE OF THE TERM "REPUBLIC OF CHINA" IN A NEWSPAPER AD IN TAIWAN (ITEM 7). MEANWHILE, THE PRC CONTINUES TO INCREASE ITS TIES TO OTHER COUNTRIES WITH DIRECT SATELLITE COMMUNICATIONS TO AUSTRALIA AND THAILAND (ITEM 9), PARIS-PEKING FLIGHTS BY AIR FRANCE (ITEM 10), AND PERMISSION FOR TWO CRUISE SHIPS FROM JAPAN TO CALL AT TIENTSIN AND SHANGHAI (ITEM 11). CONFIDENTIAL

2. ECONOMICS AT THE TENTH PARTY CONGRESS

ALTHOUGH ECONOMIC PROBLEMS (FOR EXAMPLE, THE FOOD-POPULATION NEXUS, UNEMPLOYMENT, INDUSTRIAL GROWTH, AND A WIDENING TRADE GAP) OBVIOUSLY BULK LARGE FOR PEKING'S LEADERSHIP, THE PUBLISHED DOCUMENTS OF TENTH PARTY CONGRESS TAKE LITTLE NOTICE OF THEM. MOST OF CHOU EN-LAI'S REPORT REPEATS THE WELL-WORN ECONOMIC SLOGANS OF THE NEW YEAR'S SECRET

PAGE 03 HONG K 09021 01 OF 03 100927Z

EDITORIAL AND CONVEYS A SENSE OF CONTINUITY WITH MOST OF THE ECONOMIC POLICIES SET PRIOR TO THE RECENT OUTBURST OF COMPLAINTS. (ONE CLEAR EXCEPTION IS EDUCATION WHICH IS CAST AS A PART OF THE SUPERSTRUCTURE NEEDING FURTHER TRANSFORMATION.) BUT HE ATTACKS THE " REVISIONIST TRASH" OF LIU, LIN AND CHEN AND THEIR CONTENTION THAT THE MAIN TASK WAS TO DEVELOP PRODUCTION. THESE PASSAGES APPEAR TO HIT AT SOME FELT NEED TO MOVE FURTHER LEFTWARD TOWARD COLLECTIVIZATION EVEN BEFORE ECONOMIC CONDITIONS OR PRODUCTION RELATIONS CLEARLY CALL FOR IT. THE CONTINUING IMPORTANCE OF ECONOMIC MYTHS IS SUGGESTED BY CHOU'S CLAIM THAT THE PRC HAS NO EXTERNAL DEBT (DESPITE CONTRACTS FOR \$316 MILLION WORTH OF SO-CALLED "DEFERRED PAYMENTS") AND THAT INTERNAL PRICES ARE

STABLE (DESPITE NUMEROUS EFFECTIVE PRICE INCREASES INCLUDING A TRIPLING OF THE PRICE OF RICE ON THE FREE MARKET A YEAR AGO THAT APPARENTLY CONTINUES TO THIS DAY). LIMITED OFFICIAL USE

### 3. ELECTRONICS NEWS--A NEW COMPUTER

CHIAN HAS MADE ITS FIRST ONE MILLION OPERATIONS PER SECOND (OPS) ELECTRONIC COMPUTER WITH INTEGRATED CIRCUITS (NCNA, AUGUST 26). THE COMPUTER HAS A STORAGE CAPACITY OF 130,000 WORDS AND CAN HANDLE NUMBERS WITH 48 DIGITS. IT WAS BUILT IN PEKING AND HAS BEEN IN TRIAL OPERATION FOR MORE THAN 3,000 HOURS OVER A SIX MONTH PERIOD. DURING THE TRIAL PERIOD IT WAS USED FOR A VARIETY OF PURPOSES INCLUDING PETROLEUM AND GEOLOGICAL PROSPECTING WHERE IT WILL SOON BE PUT IN OPERATION TO SPEED UP PROSPECTING WORK. THIS THIRD-GENERATION COMPUTER, THOUGH STILL SLOW BY WESTERN STANDARDS, APPEARS TO BE A GIANT STEP FORWARD IN CHINA'S COMPUTER TECHNOLOGY. BEFORE THIS CHINESE SOURCES HAD ANNOUNCED PRODUCTION OF A THIRD-GENERATION COMPUTER IN SHANGHAI WHICH COULD DO 110,000 " CALCULATIONS PER SECOND" (1972 ER 24, HK A-329). A PROTOTYPE THIRD-GENERATION COMPUTER SHOWN TO VISITORS IN PEKING HAD A SPEED OF 180,000 OPS AND A CORE MEMORY OF 64,000 WORDS (ER IM 72-176, DEC 1972, C.).

THE CHINESE CONTINUE TO STRESS CIVILIAN APPLICATIONS IN ELECTRONICS (HK A-205). IN ADDITION TO THE USE OF THE NEWEST COMPUTER FOR GEOLOGICAL WORK, SIMPLE PROGRAM CONTROL BY COMPUTERS IS REPORTED AT A NUMBER OF SHANGHAI FACTORIES  
SECRET

PAGE 04 HONG K 09021 01 OF 03 100927Z

(NCNA, AUGUST 28).

ANOTHER ITEM ON ELECTRONICS APPEARED IN NCNA ON AUGUST 26 WHICH PROVIDES FIGURES ALMOST IDENTICAL TO THOSE IN A NCNA RELEASE OF JULY 12 (HK A-205). THE ONLY NEW FIGURE: 3,000 ELECTRONICS ENTERPRISES HAVE BEEN SET UP IN VARIOUS LOCALITIES. THE PURPOSE OF LATEST RELEASE APPEARS TO BE MOSTLY TO ANSWER CRITICISM THAT HAVE BEEN LEVELLED AT ELECTRONICS DEVELOPMENT. IT STRESSES HOW USES OF ELECTRONICS THAT SUPPORT THE "LOCAL NATIONAL ECONOMY" HAVE BEEN POPULARIZED IN THE LAST TWO YEARS, AND IT VILIFIES THE SWINDLERS LIKE LIU SHAO-CHI WHO HELD TO THE THEORY THAT "ELECTRONICS IS SOMETHING MYSTICAL." CONFIDENTIAL

### 4. PROSPECTS FOR FUTURE US SALES TO CHINA

AT A TIME WHEN REVISED USG ESTIMATES ALREADY SHOW US-PRC TWO-WAY TRADE REACHING \$850-900 MILLION IN 1973 (STATE 170718), SEVERAL MAJOR US FIRMS ARE INVOLVED IN NEGOTIATIONS WHICH MAY LEAD TO FURTHER SALES TO CHINA. A TEAM REPRESENTING STANDARD OIL OF INDIANA HAS RETURNED TO PEKING FOR FURTHER DISCUSSIONS ON THE POSSIBLE SALE OF A 35,000 TON CAPACITY POLYPROPYLENE PLANT WORTH \$15 MILLION (PEKING A-11; STATE 160030; PEKING 902). HAVING ALREADY SOLD THREE

AMMONIA PLANTS, M.W. KELLOGG OFFICIALS HAVE RETURNED TO CHINA TO FINALIZE DETAILS AND DISCUSS CHINESE INTEREST IN FIVE ADDITIONAL PLANTS (PEKING 902). ALSO IN PEKING IS A TEAM FROM RCA FOR TALKS WITH TECHIMPORT ON THE SALE OF A COLOR TV PICTURE TUBE MANUFACTURING FACILITY (STATE 172373). IN MID-SEPTEMBER A GROUP REPRESENTING BUCYRUS ERIE MINING EQUIPMENT WILL ARRIVE IN PEKING FOR DISCUSSIONS ON THE SALE OF DRILLING EQUIPMENT (STATE 174658).

ON THE IMPORT SIDE, US IMPORTERS ASSOCIATION EXECUTIVE VICE PRESIDENT GERALD O'BRIEN MET WITH HK CHINA RESOURCES COMPANY (CRC) OFFICIALS ON SEPTEMBER 5 TO EXPLAIN AMERICAN INTEREST IN PURCHASING FROM THE PRC. IN ORDER TO PROVIDE GREATER ACCESS TO THE CHINESE MARKET, O'BRIEN URGED THAT MORE CANTON FAIR INVITATIONS BE ISSUED TO US BUSINESSMEN. CONFIDENTIAL

SECRET

PAGE 01 HONG K 09021 02 OF 03 100950Z

11

ACTION EA-14

INFO OCT-01 ISO-00 EUR-25 SCI-06 INT-08 SCEM-02 AF-10

AID-20 EB-11 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15

STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 NIC-01 SR-02

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S E C R E T SECTION 2 OF 3 HONG KONG 9021

NOFORN

5. CANADA: POWER MISSION VISITS PRC

A 16-MEMBER CANADIAN POWER MISSION LED BY ASST. DEPUTY MINISTER FOR INDUSTRY, TRADE AND COMMERCE CLAUDE CHARLAND, ARRIVED IN PEKING SEPTEMBER 3 FOR TALKS ON THE POSSIBLE SALE OF POWER GENERATION, TRANSMISSION AND DISTRIBUTION EQUIPMENT TO THE PRC (SOUTH CHINA MORNING POST, SEPT 1). ACCORDING TO A HK CANADIAN COMMISSION SOURCE, THE GROUP HAS REPRESENTATIVES FROM FOUR US SUBSIDIARIES, INCLUDING CANADIAN GE AND CANADIAN WESTINGHOUSE, AND IS PREPARED TO TALK ABOUT BOTH

THERMAL AND HYDROELECTRIC POWER FACILITIES. THE DELEGATION DOES NOT HAVE ANY PARTICULAR EXPERTISE IN NUCLEAR POWER ALTHOUGH CANADIAN GE IS PARTICULARLY STRONG IN THAT FIELD. THE GROUP WILL SPEND TWO WEEKS IN CHINA AND WILL VISIT SHANGHAI AND HANGCHOW.

THE CANADIAN GOVERNMENT IS NOW RECRUITING FIRMS TO PARTICIPATE IN AN ELECTRICAL AND SCIENTIFIC INSTRUMENTS EXHIBITION TO BE STAGED IN SHANGHAI DURING APRIL 1974 BY THE  
SECRET

PAGE 02 HONG K 09021 02 OF 03 100950Z

CANADIAN DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE AND THE CCPIT. ACCORDING TO THE HK CANADIAN COMMISSION, PARTICIPANTS WILL ALSO VISIT FACTORIES, UNIVERSITIES AND OTHER END-USERS IN WUHAN AND SHANGHAI AND HOLD DISCUSSIONS WITH THE STATE TRADING CORPORATIONS IN PEKING. THE EXHIBITION, WHICH WILL BE HELD IN CHINA'S MAJOR INDUSTRIAL CENTER, WILL ALSO FEATURE TECHNICAL SEMINARS BY THE PARTICIPATING COMPANIES. CONFIDENTIAL

6. PETROLEUM: NEAR AGREEMENT ON A PIPELINE?

MORE CHINESE OIL IS APPARENTLY AVAILABLE FOR EXPORT, AND THE JAPANESE AND CANADIANS REPORTEDLY ARE PREPARED TO HELP FACILITATE ITS TRANSPORT. NCNA REPORTED AUGUST 31 THAT 1972 PETROLEUM OUTPUT WAS FOUR TIMES THAT OF 1965 (I.E., ABOUT 32 MILLION MT), THAT THE ANNUAL INCREASE WAS AT AN AVERAGE RATE OF 22 PERCENT OVER THIS PERIOD, THAT 100 NEW OIL WELLS AND WATER INJECTION WELLS WERE STARTED DURING THE SECOND QUARTER OF THIS YEAR, AND THAT CHINA NOW HAS A SURPLUS OF PETROLEUM.

ACCORDING TO JAPAN'S INTERNATIONAL OIL COMPANY, THE FIRST PRC TANKER, CARRYING 32,000 TONS OF CRUDE OIL, IS SCHEDULED TO ARRIVE IN KASHIMA NORTHEAST OF TOKYO ON SEPTEMBER 11, THUS INDICATING CHINESE INTENT TO UPHOLD ITS COMMITMENT TO TRANSPORT 200,000 TONS OF THE ONE MILLION TONS THE PRC HAD AGREED TO EXPORT TO INTERNATIONAL OIL CO. THIS YEAR. ALSO, JAPANESE SHIPS TRANSPORTED 383,000 TONS BETWEEN MAY AND AUGUST. REPORTEDLY, JAPAN HOPES TO IMPORT THREE MILLION TONS NEXT YEAR IF THE CHINESE CAN EXPAND THE CAPACITY OF THEIR DELIVERY SYSTEM (AFP TOKYO, SEPT. 2). EARLIER REPORTS POINTED TO THE SHALLOW DRAFT AT THE PORT AND A SHORTAGE OF TANK CARS AS PROBABLY PRECLUDING DELIVERY OF ONE MILLION TONS IN 1973. MEANWHILE, A JAPANESE DELEGATION OF TOP LEVEL BUSINESSMEN (KEIDANREN, OR FEDERATION OF ECONOMIC ORGANIZATIONS) INCLUDING OIL EXECUTIVES WHICH ARRIVED IN PEKING SEPTEMBER 1 WANT TO LEARN MORE ABOUT A CHINESE PROJECT TO CONSTRUCT A PIPELINE FROM TACHING TO DAIEN (REUTER AND AFP TOKYO, AUGUST 31; UPI TOKYO, SEPT 2).

EARLIER, THE JAPANESE PRESS REPORTED SINO-CANADIAN "BASIC AGREEMENT" TO COOPERATE IN CONSTRUCTION OF THE 1,000 KILOMETER PIPELINE, WITH PURCHASE OF JAPANESE STEEL PIPE AND MACHINERY WORTH 65 BILLION YEN AND THE USE OF US TECHNOLOGY ALSO CONTEMPLATED TO ROUND OUT THE DEAL. A CHINESE DELEG-  
SECRET

PAGE 03 HONG K 09021 02 OF 03 100950Z

TION WILL VISIT CANADA THIS MONTH FOR FURTHER DISCUSSIONS, AND IN DECEMBER ANOTHER CANADIAN DELEGATION WILL VISIT CHINA TO MAKE FINAL ARRANGEMENTS (SANKEL, AUGUST 22). A USUALLY KNOWLEDGEABLE JAPANESE COGEN SOURCE COULD NOT CONFIRM THIS, ALTHOUGH HE KNEW, AS THE PRESS HAS REPORTED, THAT THE CHINESE HAD ASKED NIPPON KOKAN OVER A MONTH AGO FOR TECHNICAL INFORMATION CONCERNING PIPELINE CONSTRUCTION. A CANADIAN COMMISSION SOURCE DID CONFIRM THAT THE CHINESE HAVE QUERIED A CANADIAN PIPELINE FIRM CONCERNING EQUIPMENT AND THAT THE CANADIANS ARE WORKING ON SEPTEMBER AND DECEMBER VISITS AS SUGGESTED ABOVE, BUT HE COMMENTED THAT A JAPANESE-CANADIAN-US TIE WITH THE PRC AS REPORTED ABOVE SEEMED A BIT "ODD."

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7. JAPAN-PRC FAIL TO REACH AGREEMENT ON NEW TRADE PACT FAILING TO REACH FULL AGREEMENT ON A NEW TRADE PACT AFTER TWO WEEKS OF NEGOTIATIONS, THE PRC NEGOTIATING DELEGATION LEFT TOKYO ON AUGUST 31. AGREEMENT WAS ACHIEVED ON (1) MFN TREATMENT; (2) CONSULTATIONS IN THE EVENT OF TRADE DISPUTES, (3) TECHNICAL EXCHANGES, (4) CREATION OF A MIXED COMMISSION TO ANNUALLY REVIEW TRADE, AND (5) ARBITRATION OF PRIVATE COMMERCIAL CLAIMS. BUT PROBLEMS CONCERNING PATENTS, TRADEMARKS, AND ROYALTIES; PRE-ESTIMATES OF MAJOR TRADE ITEMS; AND TARIFF PREFERENCES FOR LDC'S ARE STILL TO BE RESOLVED. TALKS WILL NOW CONTINUE THROUGH NORMAL DIPLOMATIC CHANNELS WITH THE JAPANESE APPARENTLY SKEPTICAL THAT AGREEMENT CAN BE REACHED BY THE SEPTEMBER 29 ANNIVERSARY OF CHOU-TANAKA COMMUNIQUE (TOKYO 11246).

ALTHOUGH NEGOTIATIONS ON ALL FOUR OF THE GOVERNMENTAL AGREEMENTS--AVIATION, SHIPPING, FISHERIES AND TRADE--NOW APPEAR STALLED, EXCHANGES OF ECONOMIC DELEGATIONS HAVE CONTINUED UNABATED. ON SEPTEMBER 9, A 22-MEMBER BUSINESS LEADERS GROUP LED BY FEDERATION OF ECONOMIC ORGANIZATIONS PRESIDENT KOGORO UEMURA MET WITH PREMIER CHOU EN-LAI AFTER HOLDING TALKS ON ECONOMIC MATTERS WITH OTHER CHINESE OFFICIALS (NCNA; TOKYO 10250). A JAPANESE INDUSTRIAL STANDARDIZATION DELEGATION CONCLUDED A TWO WEEK VISIT ON AUGUST 23 WITH ANNOUNCEMENT OF AGREEMENT ON THE EXCHANGE OF INFORMATION ON NATIONAL STANDARDS FOR INDUSTRIAL PRODUCTS AND QUALITY CONTROL SYSTEMS (KYODO, AUGUST 23). ON AUGUST 22 A PRC PUBLISHING AND PRINTING DELEGATION ARRIVED IN

SECRET

PAGE 04 HONG K 09021 02 OF 03 100950Z

TOKYO FOR A MONTH-LONG INSPECTION OF RELATED COMPANIES (ASAHI EVENING NEWS, AUGUST 23).

ON A LESS HOPEFUL NOTE, THE PRESS HAS REPORTED THAT THE PRC ORDERED TOYOTA TO HALT A SHIPMENT OF 756 VEHICLES BECAUSE OF THE USE OF THE TERM "REPUBLIC OF CHINA" IN AN AD WHICH THE COMPANY RAN IN A TAIWAN NEWSPAPER. ACTUALLY, PEKING HAS

SUSPENDED THE TALKS ABOUT A NEW CONTRACT, BUT THE CAUSE IS THE SAME (HK STANDARD, SEPT. 9; TOKYO 11490; HK 8949).  
CONFIDENTIAL

8. HK RE-EXPORTS OF CHINA-ORIGIN GOODS UP GREATLY  
HONG KONG'S RE-EXPORTS OF CHINA-ORIGIN GOODS AMOUNTED TO \$121.2 MILLION IN THE FIRST HALF OF 1973, A RISE OF 61 PERCENT OVER THE SAME PERIOD OF 1972 AND ACCOUNTED FOR 28 PERCENT OF THE COLONY'S TOTAL IMPORTS FROM CHINA IN THE SAME PERIOD. THE RATIO FOR THE COMPARABLE PERIOD A YEAR AGO WAS ONLY 24 PERCENT, SUGGESTING THAT HONG KONG IS INCREASING ITS ROLE AS AN ENTREPOUT FOR CHINA-ORIGIN GOODS.  
RE-EXPORTS TO THE US INCREASED 66 PERCENT TO \$7.4 MILLION IN THE FIRST HALF OF THIS YEAR WHILE THOSE TO TAIWAN JUMPED BY MORE THAN THREE TIMES FROM A LITTLE OVER \$2 MILLION TO NEARLY \$8.8 MILLION. HONG KONG RE-EXPORTS TO INDONESIA ROSE BY 80 PERCENT TO SLIGHTLY ABOVE \$18 MILLION. RE-EXPORTS TO JAPAN ALSO SHOW A SIGNIFICANT INCREASE FROM \$11 MILLION IN JANUARY-JUNE 1972 TO \$29.8 MILLION IN THE CORRESPONDING PERIOD OF 1973. UNCLASSIFIED

9. TELECOMMUNICATIONS LINKS WITH AUSTRALIA AND THAILAND  
A DIRECT SATELLITE COMMUNICATIONS LINK (TELEPHONE AND VOICE TELEGRAPH) BETWEEN NEW SOUTH WALES AND SHANGHAI USING INTELSAT 4 OPENED AUGUST 26. PREVIOUSLY TELEPHONE CALLS TO CHINA WERE ROUTED VIA HONG KONG OR JAPAN, USING SUBMARINE CABLE, WITH FINAL LINK BY SATELLITE; TELEGRAM SERVICE PREVIOUSLY OPERATED ON HIGH-FREQUENCY RADIO BETWEEN NEW SOUTH WALES AND SHANGHAI (FBIS, AUGUST 26; HONG KONG STANDARD, AUGUST 25).  
BANGKOK-PEKING TELEPHONE SERVICE OPENED AUGUST 26 USING A SATELLITE LINK. THE LINK WILL ALSO TRANSMIT TELEGRAMS AND COULD, IF GOVERNMENT PERMISSION IS OBTAINED, RELAY TV PROGRAMS (HK STANDARD, AUGUST 26). UNCLASSIFIED

SECRET

PAGE 05 HONG K 09021 02 OF 03 100950Z

SECRET

PAGE 01 HONG K 09021 03 OF 03 100952Z

13  
ACTION EA-14

INFO OCT-01 ISO-00 EUR-25 SCI-06 INT-08 SCEM-02 AF-10

AID-20 EB-11 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15

STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10

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S E C R E T SECTION 3 OF 3 HONG KONG 9021

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10. AVIATION: US, FRANCE, USSR

THE FIRST OF THE TEN BOEING 707'S BOUGHT BY CHINA ARRIVED IN SHANGHAI AUGUST 24. IT LEFT SEATTLE AUGUST 22, STOPPED BRIEFLY IN ANCHORAGE, THEN FLEW DIRECT TO SHANGHAI. ON BOARD WERE 39 CHINESE TECHNICAL STAFF WHO HAD RECEIVED TRAINING IN SEATTLE, SEVERAL CHINESE CREW MEMBERS AND REPRESENTATIVES AND TECHNICIANS FROM BOEING AND PRATT AND WHITNEY (HK WEN WEI PAO, AUGUST 25 QUOTING REUTER, PEKING). AIR FRANCE INAUGURATED ITS PARIS-PEKING FLIGHT ON SEPTEMBER 6. USING A BOEING 707, THIS WILL BE A WEEKLY THURSDAY FLIGHT WITH A STOP ONLY AT KARACHI EN ROUTE. THE PRESENT MONDAY PARIS-SHANGHAI FLIGHT WILL TERMINATE SEPT-. 23, AFTER WHICH THERE WILL BE TWO WEEKLY FLIGHTS TO PEKING (AIR FRANCE, HONG KONG SEPT 7). UNCLASSIFIED THE NEW PROTOCOL TO THE SINO-SOVIET AIR AGREEMENT (ER 15, HK 7611) HAS NOT TAKEN EFFECT ACCORDING TO THE SOVIET EMBASSY IN PEKING. THE CHINESE HAVE NOT DESIGNATED AN SECRET

PAGE 02 HONG K 09021 03 OF 03 100952Z

ALTERNATE BACKUP AIRPORT CAPABLE OF HANDLING IL-62'S. SHANGHAI WOULD BE ACCEPTABLE TO THE SOVIETS, BUT THE CHINESE ARE UNWILLING TO GRANT RIGHTS THERE AND SAY THEY ARE WORKING TO PREPARE AN ALTERNATE AIRPORT (PEKING 892). CONFIDENTIAL

11. SHIPPING: US, JAPAN, AUSTRALIA, VIETNAM

INCREASED PRC IMPORTS, INCLUDING SIZEABLE GRAIN SHIPMENTS FROM THE US, RAISE THE QUESTION WHETHER CHINA'S PORTS ARE CAPABLE OF HANDLING EXPEDITIOUSLY THE INCREASED TONNAGE INVOLVED. THE THREAT BY A US SCRAP EXPORTER TO DIVERT SCRAP FROM CHINA TO OTHER COUNTRIES UNLESS THE PRC ACCELERATES UNLOADING AT TALIAN (STATE 169905) IS A CASE IN POINT. EXPANSION OF HONG KONG'S ROLE AS A TRANSSHIPMENT POINT (ER 14, HK 7104) COULD REDUCE PRESSURE ON THE LARGER CHINESE PORTS TO SOME EXTENT. A DELEGATION OF PRC TRADE AND SHIPPING REPRESENTATIVES BASED IN HONG KONG RECENTLY VISITED SEALAND'S CONTAINER FACILITY HERE, BUT APPARENTLY NOTHING FURTHER HAS DEVELOPED ON THIS SCORE. CONFIDENTIAL



MEANWHILE, CRUISE SHIPS HAVE BEEN GIVEN PERMISSION TO CALL AT CHINESE PORTS. THE CORAL PRINCESS, A BRITISH (CHINA NAVIGATION CO.) LINER WITH A HONG KONG CREW, WILL CARRY NEARLY 500 JAPANESE TO TIENTSIN AND SHANGHAI NEXT WEEK. A JAPANESE CRUISE SHIP HAS ALSO BEEN GIVEN PERMISSION TO VISIT CHINA FOLLOWING THAT OF THE CORAL PRINCESS(SOUTH CHINA MORNING POST, AUGUST 31).

NCNA REPORTED AUGUST 29 THAT THE "TUNGSHAN" VISITED PORT GERALDTON, WEST AUSTRALIA, AUGUST 24-29. THIS WAS THE FIRST CHINESE SHIP TO CALL AT AN AUSTRALIAN PORT SINCE ESTABLISHMENT OF DIPLOMATIC RELATIONS BETWEEN THE TWO COUNTRIES. AND A CHINESE VESSEL HAS TRANSPORTED AID MATERIAL TO A PORT IN SOUTH VIETNAM FOR THE FIRST TIME. AT DONG HA, QUAN TRI PROVINCE, WHERE IT ARRIVED ON SEPTEMBER 1, IT WAS WELCOMED BY REPRESENTATIVES OF THE PROVISIONAL REPRESENTATIVE GOVERNMENT OF THE REPUBLIC OF SOUTH VIETNAM (PRGSVN) AND THE NATIONAL LIBERATION FRONT (NCNA, SEPT.4). THE SUPPLIES ON BOARD PROBABLY WERE SHIPPED UNDER THE TERMS OF THE RECENT PRC AID AGREEMENT WITH THE PRGSVN (ER 12, HK 6012). UNCLASSIFIED

12. TANZANIAN TRADE DELEGATION VISITS PEKING  
AFTER HOLDING TALKS WITH FOREIGN TRADE VM CHEN SHU-FU ON AUGUST 24, A TANZANIAN GOVERNMENT TRADE DELEGATION  
SECRET

PAGE 03 HONG K 09021 03 OF 03 100952Z

CONCLUDED ITS PEKING VISIT AND DEPARTED FOR SHANGHAI ON AUGUST 31 (NCNA). IN AN UNUSUALLY CANDID REPORT, NCNA STATED THAT THE DELEGATION HAD WIDE RANGING DISCUSSIONS WITH FOREIGN TRADE MINISTRY AND STATE TRADING CORPORATIONS OFFICIALS AND "SIGNED TRADE CONTRACTS." SOME MEMBERS ALSO PAID A SHORT VISIT TO TIENTSIN (NCNA, AUGUST 31). TANZANIA WAS CHINA'S LEADING AFRICAN TRADE PARTNER IN 1972 WITH AID AND TRADE SHIPMENTS RELATED TO THE TANZAM RAILWAY BOOSTING TOTAL TWO-WAY TRADE TO \$90 MILLION. IN AFRICA, WORK ON THE 970-KILOMETER TANZANIA SECTION OF THE RAILWAY WAS COMPLETED ON AUGUST 27 WHEN THE TRACKS REACHED THE TINY ZAMBIAN BORDER TOWN OF NAKONDE. ANOTHER 890 KILOMETERS REMAIN TO BE COMPLETED IN ZAMBIA, BUT WORK IS STILL EXPECTED TO BE FINISHED AHEAD OF SCHEDULE (REUTERS, AUGUST 27). UNCLASSIFIED

13. DENMARK: PRC VICE MINISTER OPENS CHINESE EXHIBITION  
AFTER PRESIDING OVER THE OPENING CEREMONY OF A CHINESE ECONOMIC AND TRADE EXHIBIT IN COPENHAGEN, FIRST MINISTRY OF MACHINE BUILDING VM CHOU TZU-CHIEN LEFT DENMARK FOR PEKING AUGUST 29 (NCNA). DURING AN EIGHT DAY STAY CHOU MET WITH DANISH FOREIGN MINISTER ANDERSEN AND COMMERCE, INDUSTRY AND SHIPPING MINISTER JENSEN. BOOSTED BY OVER \$5 MILLION IN SALES OF DANISH MACHINERY, PRC'S TRADE WITH DENMARK REACHED \$19.9 MILLION IN 1972. CHOU'S VISIT PROBABLY INDICATES A CONTINUING CHINESE INTEREST IN MACHINERY, TECHNOLOGY AND CARGO VESSELS WHICH WERE FIRST DISPLAYED DURING A DANISH

TRADE FAIR HELD IN PEKING IN MARCH 1972 (COPENHAGEN 1221,  
MARCH 21, 1972). THE CHINESE EXHIBITION, HEADED BY CCPIT  
VICE CHAIRMAN LI HSI-FU, PRESENTED OVER 2,400 ITEMS  
INCLUDING HEAVY AND LIGHT INDUSTRIAL PRODUCTS, HANDICRAFT  
ARTICLES AND PHOTOS OF CHINESE-DANISH FRIENDSHIP (NCNA,  
AUGUST 23). LIMITED OFFICIAL USE

14. RECENT REPORTS ON ECONOMIC TOPICS  
HK 8690 LOS - REQUEST FOR MINERAL DATA  
HK 8949 PRC CANCELS JAPANESE VEHICLE SALE--US COMMERCIAL  
OPPORTUNITY?  
HK A-235 PRC POTENTIAL IMPORT OF ELECTRIC POWER EQUIPMENT  
HK A-236 PROSPECTS FOR SALES OF COAL MINING EQUIPMENT TO  
CHINA  
SECRET

PAGE 04 HONG K 09021 03 OF 03 100952Z

OSBORN

SECRET

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 10 MAY 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 SEP 1973  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973HONGK09021  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 XGDS-2  
**Errors:** n/a  
**Film Number:** n/a  
**From:** HONG KONG  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730963/abqcefbd.tel  
**Line Count:** 508  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EA  
**Original Classification:** SECRET  
**Original Handling Restrictions:** NOFORN  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 10  
**Previous Channel Indicators:**  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** NOFORN  
**Reference:** CERP 0003  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 JUL 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23-Jul-2001 by reddocgw>; RELEASED <31-Jul-2001 by kelleyw0>; APPROVED <14-Aug-2001 by boyleja>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PEOPLE'S REPUBLIC OF CHINA ECONOMIC REVIEW 18  
**TAGS:** ECRP, CH, XX  
**To:** STATE  
PEKING  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005